



# NEWS RELEASE

CALIFORNIA STATE TREASURER PHIL ANGELIDES

**FOR IMMEDIATE RELEASE**  
December 4, 2003

**Contact:** Mitchel Benson  
**(916) 653-4052**

## **ANGELIDES COMMENTS ON CALSTRS' DECISION TO TERMINATE RELATIONSHIP WITH PUTNAM INVESTMENTS**

*Treasurer Had Called on CalSTRS in November to End \$300 Million-Plus Contract*

SACRAMENTO, CA – California State Treasurer Phil Angelides today had the following comments in response to the announcement today by the California State Teachers' Retirement System (CalSTRS) that it had terminated its contract with Putnam Investments. Putnam managed a large-cap growth account totaling \$312 million within CalSTRS' \$45 billion domestic equity portfolio. The Putnam portfolio has been distributed among other firms already managing domestic equity portfolios for CalSTRS. On November 4, the Treasurer called on both CalSTRS and the California Public Employees' Retirement System (CalPERS) to terminate a combined \$1.5 billion in contracts with Putnam Investments. Treasurer Angelides sits on the boards of both CalPERS and CalSTRS:

"Our pension funds have done the right thing. I called on CalPERS and CalSTRS to terminate their relationships with Putnam Investments because the company failed to meet the standards that we, as fiduciaries, should expect from a firm handling more than \$1 billion on behalf of California pensioners and taxpayers," Angelides said. "CalPERS and CalSTRS, as the first and third largest public pension funds in the nation, have an obligation to live up to the vow we have made to demand and expect the highest standards of conduct from the companies with whom we do business.

"Today's announcement, coupled with CalPERS' vote last month, sends a double-barreled message to the marketplace that there will be serious and immediate consequences and penalties to violating the trust we hold with investors and pensioners. We remain committed to using the power of the purse to end inappropriate conduct by investment banks, mutual funds and other financial institutions."

On November 17, the CalPERS Investment Committee terminated the pension fund's approximately \$1.2 billion contract with Putnam Investments. California is one of 10 states where public pension funds have taken action against Putnam Investments in the wake of the U.S. Securities and Exchange Commission and the Commonwealth of Massachusetts filing civil fraud proceedings against Putnam and six of its former portfolio managers for allegedly engaging in unlawful "market timing" practices.

###